FORMAL CONTRACT IN MARKETING CHANNEL AND FIRMS' TRANSACTIONAL PERFORMANCE IN CHINA: DOES *RENQING* MATTER?

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ABSTRACT

Based on the resourced-based view of the firm, we argue that a cultural specific factor, i.e., *Renqing*, can be an important resource for conducting business-to-business (B-to-B) marketing in China, and this resource should moderate the effect of formal contracts in marketing. Collecting data from 272 firms in China, we obtain evidence showing that both formal contracts and *Renqing* can have a positive effect on the success of B-to-B marketing. Moreover, *Renqing* moderates the relationship between formal contracts and transaction efficiency. Testing how the effect of *Renqing* may interact with the effect of formal contracts and may improve B-to-B marketing in an emerging economy such as China, our current study suggests a new direction for studying B-to-B marketing and transaction efficiency. By showing the interactive effects between local cultural factors and formal contracts in international B-to-B marketing, the findings from this study should also be useful for practitioners in international marketing.